1	UNITED STATES OF AMERICA			
2	UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA WESTERN DIVISION			
3	WESTERN DIVISION			
4	HONORABLE VIRGINIA A. PHILLIPS			
5	UNITED STATES CHIEF DISTRICT JUDGE PRESIDING 			
6	UNITED STATES OF AMERICA,)			
7				
8	PLAINTIFF,))			
9	VS.) CASE NO.:) CR 13-183-VAP			
10	TODD MICHAEL FICETO,)			
11	DEFENDANT.)			
12)			
13				
14				
15	REPORTER'S TRANSCRIPT OF PROCEEDINGS (P.M. SESSION)			
16	THURSDAY, JUNE 14, 2019			
17	LOS ANGELES, CALIFORNIA			
18				
19				
20				
21	TAUDA MILLED ELTAG GCD 10010			
22	LAURA MILLER ELIAS, CSR 10019 FEDERAL OFFICIAL COURT REPORTER			
23	350 WEST FIRST STREET, ROOM 4455 LOS ANGELES, CALIFORNIA 90012			
24	PH: (213)894-0374			
25				

1	
2	APPEARANCES OF COUNSEL:
3	
4	ON BEHALF OF PLAINTIFF:
5	
6	UNITED STATES ATTORNEY'S OFFICE
7	BY: SCOTT PAETTY
8	CASSIE PALMER
9	IAN YANNIELLO
10	ASSISTANT UNITED STATES ATTORNEYS
11	312 NORTH SPRING STREET
12	LOS ANGELES, CA 90012
13	
14	ON BEHALF OF DEFENDANT:
15	BIRD MARELLA
16	BY: GARY S. LINCENBERG, ESQ.
17	THOMAS V. REICHERT, ESQ.
18	1875 CENTURY PARK EAST
19	23RD FLOOR
20	LOS ANGELES, CA 90067
21	
22	
23	
24	
25	

1		-	MDEV		
2	WITNESSES FOR THE GOVERNMENT:	1	NDEX		
3		DIRECT	CROSS	REDIRECT	RECROSS
4	KIRKA, LUCEE BY: MR. PAETTY			18	
5	BY: MR. REICHER	Γ	6		
6 7	DANIEL, MATTHEW BY: MR. PAETTY BY: MR. REICHER	22	70	118	122
8	BY. MR. REICHER	L	70		122
9	EXHIBITS	ADMITTED	EXHIBIT	ADMIT	TED
10	392 451	31 41			
11	448 447	48 51			
12	397 399	80 103			
13	395	111			
14					
15					
16					
17					
18 19					
20					
21					
22					
23					
24					
25					

- 1 A. So, uh, micro cap stocks are very, very small companies
- 2 that have fewer resources, uh, a less proven business plan,
- 3 um, and they're just generally more speculative, higher risk
- 4 type investments than small cap which are more established
- 5 companies.
- 6 Q. And at Sciens were you looking to invest in
- 7 micro cap/penny stocks?
- 8 A. That was not our intention.
- 9 Q. Were you aware that the Absolute Funds were invested in
- 10 penny stocks?
- 11 A. No.
- 12 Q. And would it have impacted your decision to invest in
- 13 | the Absolute Funds had you known that?
- 14 | A. Yes.
- 15 Q. Would you have invested in the Absolute Funds had you
- 16 known that?
- 17 | A. No.
- 18 Q. Why not?
- 19 A. Because as I mentioned, uh, micro cap stocks are
- 20 speculative and highly risky, and then in order of magnitude,
- 21 greater in risk than typical stocks. And that was not the
- 22 type of risk profile that we were looking to obtain at the
- 23 | time. Um, again, it was just too -- too speculative.
- 24 Q. When you say order of magnitude, what does that mean to
- 25 you?

1	
2	CERTIFICATE OF REPORTER
3	
4	COUNTY OF LOS ANGELES)
5) SS.
6	STATE OF CALIFORNIA)
7	
8	I, LAURA ELIAS, OFFICIAL REPORTER, IN AND FOR THE UNITED
9	STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA,
10	DO HEREBY CERTIFY THAT I REPORTED, STENOGRAPHICALLY, THE
11	FOREGOING PROCEEDINGS AT THE TIME AND PLACE HEREINBEFORE SET
12	FORTH; THAT THE SAME WAS THEREAFTER REDUCED TO TYPEWRITTEN
13	FORM BY MEANS OF COMPUTER-AIDED TRANSCRIPTION; AND I DO
14	FURTHER CERTIFY THAT THIS IS A TRUE AND CORRECT TRANSCRIPTION
15	OF MY STENOGRAPHIC NOTES.
16	
17	
18	DATE: <u>NOVEMBER 18, 2019</u>
19	
20	/s/ LAURA MILLER ELIAS
21	LAURA MILLER ELIAS, CSR 10019
22	FEDERAL OFFICIAL COURT REPORTER
23	
24	
25	